

SERIAL 10068 IGA MED/SURG PRODUCTS DISTRIBUTION AGREEMENT

DATE OF LAST REVISION: June 03, 2010

CONTRACT END DATE: December 31, 2011

**CONTRACT PERIOD BEGINNING JUNE 03, 2010
ENDING DECEMBER 31, 2011**

TO: All Departments

FROM: Department of Materials Management

SUBJECT: Contract for MED/SURG PRODUCT DISTRIBUTION AGREEMENT

Attached to this letter is a listing of vendors available to Maricopa County Agencies utilizing the **MIHS and Broadlane Contract #GC-469**. The using agency and other interested parties may access and electronic version of this contract from the Materials Management Web site at:
http://www.maricopa.gov/materials/Awarded_Contracts/search.asp.

Please note: Price Agreement Purchase Orders (PG documents) may be generated using the information from this list. Use NIGP CODE 4650002

All purchases of product(s) listed on the attached pages of this letter are to be obtained from the listed contractor(s).



Contract Launch Package

Description: Distribution Services

Contract: GC-469 (National)

Vendor: CARDINAL HEALTH 200 INC

Effective/Expiration Date 1/1/2009 - 12/31/2011

Discipline Medical

Agreement Type Non-Exclusive

Eligibility - Classes of Trade Long Term Care, Hospital/
Acute Care, Home Health
Care, Physicians Clinics and
Offices, Ambulatory Care
Center

Value Statement

This new three-year agreement for distribution services is limited to surgery centers, and other sub-acute focused organizations. A sub-acute focused organization means an organization not owned or managed by an acute care focused member including independent surgery centers, small specialty hospitals, specialty hospitals, physician offices, long-term acute care facilities, dialysis centers, psychiatric facilities, diagnostic imaging centers and home care members.

The agreement offers four pricing tiers, based on monthly volume. Access to this agreement requires customer to purchase 80% of customer's medical supplies through this distributor. Customers must reach the 80% volume level within 90 days of becoming a customer under this agreement.

Commitments/Requirements:

**"Stand alone" Surgery Centers or specialty hospitals - not purchasing through a hospital

*80% commitment on med/surg supplies

*90% of suture/endo product volume through distributor

*>85% Electronic Order Entry

*A Letter of Commitment is not required

Please refer to Exhibit F - Distribution Pricing for distributor mark-up information.

Contract Highlights

Agreement Type Non-Exclusive

Eligibility - Classes of Trade Long Term Care, Hospital/ Acute Care, Home Health Care, Physicians Clinics and
Offices, Ambulatory Care Center

Additional Eligibility Information

Qualification for Participation

Customers (including entities that become Customers after the Effective Date) that are Surgery Centers or other Sub-acute-focused Organizations may purchase Products pursuant to the terms of this Agreement.

"Sub-acute-focused Organization" means an organization not owned or managed by an acute care focused member including independent surgery centers, small specialty hospitals, specialty hospitals, physician offices, long-term acute care facilities, dialysis centers, psychiatric facilities, diagnostic imaging centers and home care members.

"Surgery Center" means an ambulatory surgical center that performs outpatient surgical procedures as its primary service.

"Surgery Center Group" means two or more Surgery Centers that are owned, managed, or leased by a common headquarters facility that is its own legal entity. Any Customer that withdraws or is terminated as a Broadlane Customer may not purchase Products pursuant to the terms of this Agreement.

Guaranteed Supply

Fill Rate

Distributor shall maintain a 94% Fill Rate on all Products. Fill Rate means the number of Products delivered to Customer divided by the number of Products ordered by the Customer. The Fill Rate calculation excludes Products unavailable from the manufacturer if Distributor notifies the Customer that the Products are unavailable before the scheduled delivery. Distributor shall credit Customer \$500 for each month Distributor does not meet its Fill Rate.

Tier Structure

Tier 4 - Tier 4: Greater than \$100,000

Tier 3 - Tier 3: \$25,001 - \$100,000

Tier 1 - Tier 1: Less than or equal to \$10,000

Tier 2 - Tier 2: \$10,001 - \$25,000

Commitment Requirements

Please See **Exhibit F - Distribution Pricing** in attachments section.

"Spend" means a Customer's requirements for medical supplies purchased through distribution. Spend is based only on Products Distributor sells, and is measured by dollars spent quarterly. Customer must reach the 80% Spend level within 90 days of becoming a Customer under this Agreement. If any Customer fails to comply with the 80% spend level, Distributor will give that Customer and Broadlane 120 days' written notice of the Customer's failure to comply, during which time the Customer must bring its purchases up to the 80% spend level. If the Customer fails to reach the 80% spend level within that 120-day period, then Distributor's sole and exclusive remedy is to terminate the Customer's eligibility for future participation under this Agreement.

Price Protection Terms

Pricing and Distribution Margins

If a Product is a Distributor Brand Product, that is not included on a Broadlane contract, then Distributor must sell it at any competitive price.

If the Product is a Name Brand Product, then Distributor must sell the Name Brand Product at the Broadlane contracted price plus the applicable mark-up (as set forth

in **Exhibit F**).

If Distributor Brand Product is included in a Broadlane contract, Distributor will not charge a distribution mark up for such purchases.

If the Name Brand Product is not included in a contract between Broadlane and the manufacturer of the Product, then Distributor must sell the Name Brand Product at a competitive price.

Distributor must not increase the price of any Distributor Brand Product that is not included on a Broadlane contract more than one time in a given year after the Effective Date of the Agreement.

Broadlane Contracted Products

If Broadlane has the ordered Product on contract, then Distributor must sell the Product to the Customer through the applicable Broadlane contract. If Broadlane does not have the ordered Product on contract, then Supplier may sell its Distributor Brand Product to the Customer.

Competitive Pricing

The Distribution Margins, terms, and conditions under this Agreement must be equal to or better than those offered to any other customer of Distributor that has similar levels of compliance (including terms and conditions of the Agreement), excluding the federal government. If it is determined that Distributor is not in compliance, Broadlane and Distributor must negotiate in good faith to amend this Agreement to provide the more favorable terms.

Payment Terms

Payments for Products are due from Customers within 30 days of receipt of the invoice. Distributor may enforce its commercially reasonable credit policies with Customers. Distributor may charge a 1.5% late fee per month on past due balances. Additional incentives are available for prepayment as per the terms outlined Exhibit G Payment Terms.

Order Placement Instructions

Customer may place purchase orders for Products through the BroadLink, by telephone, telecopier, or through electronic order entry directly through Distributor at:

Cardinal
7000 Cardinal Place, Dublin, OH 43017
www.cardinal.com
Telephone No.: 888-444-5440
Fax No.: 888-770-6066

Customers must place orders in the amount of \$250 dollars or more, if classified as a Specialty Hospital or Surgery Center; if the order size does not meet the minimums specified above, Distributor will apply a \$40 dollar surcharge. All other Customers must place orders in the amount of \$100 or more; if the order size does not meet the minimums specified above, Distributor will apply a \$10 dollar

surcharge. However, if the order size is below the minimum specified above due to the fault of Distributor, there will be no minimum order charge.

Delivery Terms

Products must be delivered to the Customer's place of business or any other location specified by Customer by the later of (a) three days after Distributor's receipt of the Customer's order for Product or (b) the date mutually agreed to between Customer and Distributor at the time the order is placed. Frequency of delivery will be based upon ordering volume and individual institutional needs.

Distributor shall use its best efforts to assist any Customer in finding alternative acceptable sources for any Product that Distributor cannot deliver according to this guaranteed delivery time. The risk of loss of the Products does not pass to the Customer until the Customer accepts the Products.

Shipping Details

All prices and Distributor Margins include shipping (all risk of loss passes to the Customer when the Customer receives the Product) when Product is shipped from Distributor's local/primary distribution center servicing Customer. Should items require drop-shipment from manufacturer Customer agrees to pay the handling and transportation charges added by the manufacturer. Customer agrees to pay actual cost of delivery plus a handling fee per order for all Rush Orders; defined as all orders for Products that require delivery at any time other than a the delivery time frame ("Rush Order").

Attachments

Documents



[Exhibit B - Distributor's Return Policy](#)



[Exhibit F - Distribution Pricing](#)



[Exhibit G - Payment Terms](#)

Market Overview

About the Awarded Supplier

Cardinal Health is an \$87 billion global manufacturer and distributor of medical and surgical supplies and technologies dedicated to making healthcare safer and more productive. Our customers are located on five continents and include hospitals, medical centers, retail and mail-order pharmacies, clinics, physicians, pharmacists and other healthcare providers.

Contact Information

Primary Contacts:

Broadlane Contact Brenda Russ
Portfolio Director
13727 Noel Road Suite 1400, Dallas TX, 75240
Tel: (972) 813-7647 /
brenda.russ@broadlane.com

Supplier Contact Sheri Speed

Director, Health Systems
Tel: (940) 627-4970 / Fax: (940) 627-1825
sheri.speed@cardinalhealth.com

Secondary Contacts:

No Secondary Contacts Found

EXHIBIT B

DISTRIBUTOR'S RETURN POLICY

AUTHORIZATION

All returns must be authorized by Customer's Medical Products and Services Sales or Customer Service Representative who will advise Customer of the proper mode of transportation for the shipment. Authorization will only be valid for 30 days. Shortages and damages must be reported to Customer Service within 72 hours from receipt.

RETURN PROCEDURE

Purchaser must provide for each return the following information:

1. Purchaser name and address.
2. Medical Products and Services invoice number.
3. Invoice date.
4. Purchaser purchase order number.
5. Quantity, catalog number and description of item.
6. Reason for return.

RETURN POLICY

Medical Products and Services will authorize the return of all products in salable condition with the following exceptions:

- Products not purchased from Medical Products and Services. By offering product for return to Medical Products and Services, the Customer warrants and certifies that products were purchased by the Customer directly from Medical Products and Services.
- Products purchased more than 3 months prior to the return request
- Products with expiration date less than 60 days
- Products that are regulated hazardous chemicals or reagents
- Instruments that have been used to analyze human body tissue
- Sterile eaches of low unit of measure product
- Special or custom products made to customer specifications
- Products returned in defaced, opened or other than original packaging
- Drug products that are shipped outside the United States (re-import prohibited)
- Flu Vaccine
- Any controlled substance product that is regulated by the DEA
- Prescription drugs or other products specified by Cardinal Health, that are returned without a customer signed Medical Products and Services Ongoing Assurance document
- Prescription drugs that are returned that do not achieve Medical Products and Services protective service and protective packaging guidelines
- Refrigerated, frozen, or temperature controlled products, with the exception that Cool Room coded product ("C" coded) can be accepted back from customers and returned to stock only if **ALL** circumstances noted below apply to the return.
 1. The product is returned within a 5 day transit time window.
 2. The external outdoor air temperature is less than 86 degrees Fahrenheit (86°F).
 3. The only acceptable reason for a return is a picking or ordering error.

All return items not locally stocked will be subject to locally determined supplier restocking fee. All returns not due to Medical Products and Services error will be subject to a minimum of 15% restocking fee. In the event that an unauthorized return is accepted, there will be a minimum of 25% restocking fee.

DISCLAIMER FOR RETURNED GOODS POLICY

This policy is not intended to supersede any specific agreement between Medical Products and Services and its customers, but will supplement any areas not covered in a specific customer agreement. This policy does supersede, where inconsistent, all previous Returned Goods Policies.

**EXHIBIT F
DISTRIBUTION PRICING**

Distributor will charge any Customer ordering Product's under this Agreement a distribution mark-up as set forth below:

For Specialty Hospitals and Surgery Centers - Independent Facility or Customer Groups					
Monthly Volume Tiers	Broadlane Contracted Name Brand	Broadlane Contracted Suture/Endo*	Non-Contracted Name Brand	Non-Contracted Distributor Brand	Equipment
Tier 1 ≤ \$10,000	14.0%	4.5%	Net Priced Locally	Net Priced Locally	Locally Negotiated
Tier 2 \$10,001 - \$25,000	11.0%	4.5%	Net Priced Locally	Net Priced Locally	Locally Negotiated
Tier 3 \$25,001 - \$100,000	8.5%	4.5%	Net Priced Locally	Net Priced Locally	Locally Negotiated
Tier 4 >\$100,000	7.5%	4.5%	Net Priced Locally	Net Priced Locally	Locally Negotiated

**Suture/Endo Markup is not inclusive of 0.92% charge due to terms change on J&J Products*

Purchase Commitments/Requirements:

- "Stand alone" Surgery Centers or specialty hospitals – not purchasing through a hospital
- Contract Distributor brand products are net priced and will not include a distribution mark-up
- 80% commitment on med/surg supplies
- 90% of suture/endo product volume through Distributor
- >85% Electronic Order Entry
- Up to Two Day/Week Delivery
- All contracted housekeeping products will be locked at C+15%.

Cost plus markups may be locally negotiated (based on enhanced compliance metrics) between Customer and Distributor at any monthly volume tier and may not exceed the cost plus markups as established above, unless Distributor provides additional value-added services, in which event the Customer and Distributor shall locally negotiate Pricing to include those services.

Incentives:

Presource Incentive

A reduction of 2.0% off the contract name brand mark-up will be applied for 90% compliance to cardinal custom procedure packs thru Cardinal's med/surg distribution channel.

Non Acute Care (All other alternate sites of care including, but not limited to, Physicians, Clinics, LTC, Home Health, Psychiatric Facilities, Dialysis Centers , Diagnostic Imaging Centers and Rehab Facilities)	
Cost plus mark-ups for Customers qualifying as Non Acute, as defined above, will be locally negotiated with the Cardinal Health Ambulatory Care Sales Representative for Broadlane Contracted Products ONLY and listed in the table below. These mark-ups will remain in effect until otherwise negotiated by the Customer and Cardinal Health. Agreements for cost plus mark-ups are based on specific commitments made on behalf of Cardinal Health and the customer.	
Broadlane Contract Name Brand Products MU:	13% – 29%
Non-Contract Name Brand Products and Equipment	Net Priced
# of Scheduled Deliveries/wk (1 or 2 maximum):	Locally Negotiated
% Commitment of Med/Surg Budget:	
Annual Med/Surg \$ Commitment:	_____
Electronic Order Entry Commitment:	_____
Other commitments made on behalf of Customer or Cardinal Health:	_____

Product Definitions

"Distributor Brand Products" means Products that Distributor manufactures or that carry a label with Distributor's name.

"Name Brand Products" means Products that Distributor does not manufacture or that do not carry a label with Distributor's name.

Price Management

Price Change Notification Report (PCN) – Cardinal's automated price change notification system (PCN) provides price change information directly to Customers. The Customer may choose either a paper price change notification delivered via U.S. mail and directed to a specific contact within the Customer's facility, an e-mail notification, delivered to one or more addresses within the Customer's facility, an EDI 832 transaction set, or a web based notification retrievable from Cardinal.com. The price change notifications include current price, next price, packaging information, increase/decrease indicator, Manufacturer's name, Manufacturer's material number, 12 month usage in sales dollars, Customer's item number, material description, reason for change, and the effective date.

**EXHIBIT G
PAYMENT TERMS**

Standard payment terms are Net 30 Days. Additional incentives are available for early payment as noted in the table below.

Payment Terms	Distribution Cost Plus MU % Adjustment
0 Days	-0.50%
15 Days	-0.25%
30 Days	0